The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

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CAFII ALERTS WEEKLY DIGEST: March 11 – March 15, 2024

March 15, 2024

The CAFII Alerts Weekly Digest is intended to provide a curated compendium of news on insurance, regulatory, and industry/business/societal topics of relevance to CAFII Members – drawn from domestic and international industry trade press and mainstream media – to aid in Members' awareness of recently published media content in those areas.

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GOVERNMENT/LEGAL/REGULATORY/ BUSINESS DEVELOPMENTS

FSRA Releases Penalty Guidance To Protect Consumers

Ontario's FSRA Finalizes Penalty Guidance, Focusing On Transparency And Consumer Protection

By Freschia Gonzales, Wealth Professional, March 12, 2024

https://www.wealthprofessional.ca/news/industry-news/fsra-releases-penalty-guidance-to-protect-consumers/384444?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240312&_hsmi=297869530&_hsenc=p2ANqtz-9psspTxox6Y0unVcirHw-yauJLLBeiOG0qxKk6NaKbfoqkhGWsC4itUuMMu9GNyRK96L8k792LJXoSjfi3hmZ6i9Rhow&utm_content=&utm_source=

Ontario's Financial Services Regulatory Authority (FSRA) has finalized guidance on imposing financial penalties to enhance consumer protection.

This move aims to ensure that the use of Administrative Monetary Penalties is measured, proportionate, and effectively safeguards consumers in Ontario.

The newly released guidance outlines FSRA's approach to interpreting and applying laws regarding these penalties. It also details the method for determining the amounts of penalties, ensuring clarity and fairness in their enforcement.

Elissa Sinha, director of litigation and enforcement at FSRA, emphasized the centrality of consumer protection in their operations. “Consumer protection is at the heart of everything we do at FSRA,” she stated.

The guidance serves as a crucial instrument to deter and rectify non-compliance with laws, helping the industry and the public understand the conditions under which penalties are imposed. It aims to encourage behavior that aligns with the public interest.

FSRA's enforcement actions are assessed individually, reflecting its dedication to transparency, fairness, and consistency. The authority expressed gratitude for the feedback received during the public consultation period, which contributed to refining the guidance.

The focus now is on general Administrative Monetary Penalties for serious infractions.

Looking ahead, FSRA intends to issue separate guidance for Summary Administrative Monetary Penalties. This forthcoming guidance will address technical and minor violations, further contributing to the regulatory framework's comprehensiveness and effectiveness in protecting consumers.

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FSRA's Proposed Guidance On Life Agent Suitability A Good First Step

Industry And Advocates Say More Work Is Needed

By James Langton, Investment Executive March 11, 2024

https://www.investmentexecutive.com/newspaper_/news-newspaper/fsras-proposed-guidance-on-life-agent-suitability-a-good-first-step/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-saturday&hash=f9f4f6eaaf33f1b05c846d7c2a532f58

The Financial Services Regulatory Authority of Ontario (FSRA) has proposed targeted guidance in the wake of regulatory reviews that uncovered widespread concerns in the life insurance industry. While the move is widely seen as a welcome first step, the regulatory framework requires greater renovation to address pervasive threats to consumers.

In November, FSRA launched a 90-day consultation on proposed guidance that outlined its expectations for life agents, including managing general agencies (MGAs), to be considered suitable for licensing. The proposal was issued following regulatory examinations that exposed an array of troubling business practices.

The regulator found evidence of poor training and supervision of agents, unsuitable product sales and compensation models that could lead to consumer harm.

A review found that 80% of universal life product sales didn't clearly align with consumers' needs — a situation that creates "a significant risk of poor outcomes," FSRA stated in a report released last fall that detailed its findings.

A separate review of MGAs that use multi-level marketing found widespread compliance failures at those firms, including undisclosed conflicts of interest, training and supervisory failures, and poor sales practices.

FSRA's proposed guidance aims to clarify the conduct considered when determining licensing suitability. This new guidance also is intended to remind insurers and MGAs about regulatory expectations for screening and overseeing life agents.

The proposed guidance has strong support.

Assessing suitability for licensing is a critical element of consumer protection, investor advocacy group FAIR Canada said in its submission.

"Given the alarming findings of FSRA's examinations, clarifying expectations about how past and current conduct may impact an agent's suitability to hold such a licence is not only appropriate but also necessary to protect Ontarians," FAIR Canada said. "These findings call out for the strongest possible regulatory response by FSRA."

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The group further stated the proposed guidance should clarify and fill any gaps about expectations related to suitability.

FAIR Canada also suggested that policymakers have more to do, particularly given that the province's insurance legislation predates the current MGA model and "does not specifically define or contemplate MGAs, or the role they play in the insurance business in Ontario today."

This concern was echoed by the Independent Financial Brokers of Canada (IFB).

"We suggest that modernizing the existing legislation to better reflect the roles and responsibilities of all those in the distribution system is required," the industry trade group's submission said.

FAIR Canada also suggested the government allow FSRA to create and set requirements for new licensing categories. It also recommended FSRA be given authority to determine whether new businesses or business models engage in activities that should fall under insurance legislation and regulations.

Without proper authority, the regulator could face a legal challenge to its interpretation of the legislation from insurers and MGAs, FAIR Canada suggested, with potentially damaging consequences for consumers.

"If any such challenge succeeded, it would seriously impede FSRA's oversight of MGAs and its ability to protect the public," FAIR Canada warned, especially in light of the regulator's recent findings.

FSRA's Consumer Advisory Panel (CAP) supported the proposed guidance, but called for additional action.

For example, the CAP recommended FSRA more clearly define the roles and responsibilities of insurers, MGAs and agents; beef up supervision to improve compliance with regulatory standards; and strengthen enforcement to deter misconduct.

Additionally, the CAP called on the regulator to encourage reporting of unethical and illegal conduct by adopting strong whistleblower protection, and to step up consumer education so clients understand the service they can expect from the industry.

The CAP also pushed FSRA to hold insurers and MGAs accountable for consumer harm "if there is a significant connection between the creation or elevation of risk and the conduct authorized by the insurer or MGA."

FSRA has signalled its intention to undertake many of these kinds of steps as part of its efforts to enhance consumer protection in the life insurance industry, including a new rule for MGAs that FSRA plans to publish for comment this year.

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In anticipation of potential new rules and guidance, the IFB called for FSRA to harmonize its efforts with similar work underway in other provinces — such as in British Columbia, Saskatchewan and New Brunswick — to better define the MGA role within Ontario's regulatory framework.

"Harmonizing definitions and approaches reduces regulatory confusion, costs and the need to design tailored approaches for a particular jurisdiction," the IFB said.

OTHER CAFII MEMBER-RELEVANT NEWS

Canadians Set To Spend Big On Travel In 2024

Amex Report Shows Canadians Eyeing Lavish, Spontaneous Trips, With Europe Top On The List

By Freschia Gonzales, Wealth Professional, March 13, 2024

https://www.wealthprofessional.ca/news/industry-news/canadians-set-to-spend-big-on-travel-in-2024/384479?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240313&_hsmi=298035810&_hsenc=p2ANqtz-8b1697IJmhwX-Yc5-bbpiZ14hpxE_sbSqFq7aq3MKFzOuCMmyOquSVfTjIK-d33hL2bKQl-yG4-Ms9NsOQ_G5TpybbaA&utm_content=&utm_source=

American Express Travel today released its 2024 Global Travel Trends Report, spotlighting Canadians as the second highest in global rankings for anticipated average travel spend.

The report uncovers a significant trend among Canadians towards seeking out spontaneous, bucket list, and once-in-a-lifetime vacations.

Vanessa Crooker, VP of Brand, Partnerships, and Lifestyle Benefits at American Express Canada, shared, "The Global Travel Trends Report highlights the continued desire for Canadians to prioritize unforgettable travel, from spontaneous trips to once in a lifetime experiences."

She further noted that 82 percent of Canadians are planning to either increase or maintain their travel spending in 2024, indicating a strong demand for premium travel benefits.

The Canadian insights from the American Express Travel 2024 Global Travel Trends Report include:

An inclination towards longer, more immersive trips, with Canadians showing a preference for visiting multiple countries in a single trip or embarking on expedition/remote travels, surpassing the global average for such extended adventures.

A strategic approach to travel spending, where Canadians are ready to invest in enriching travel experiences but also leverage travel hacks for cost savings and better deals. Interestingly, 36 percent of Canadians intend to spend more on travel than they did last year, positioning Canada as the second highest market globally for anticipated leisure travel spend, averaging $8,824 in 2024.

A notable trend towards spontaneity, solo travel, and self-love as driving factors for travel plans, with over one-third (37 percent) of Canadians having taken a last-minute trip in 2023 and an even higher number (43 percent) interested in doing so in 2024. Planning timeframes are notably short, with nearly half (47 percent) booking their travels two weeks in advance or sooner.

Furthermore, the most desired types of trips among Canadians include multi-country tours within a region (66 percent), expedition cruises (32 percent), adventure travel (29 percent), and wellness retreats (23 percent), with a substantial 70 percent planning to visit Europe for such expansive experiences.

Trip durations are leaning towards 1–2-week trips (45 percent) and week-long stays (44 percent), contrasting with global preferences that tilt more towards week-long and weekend getaways.

On the financial side, Canadians are balancing their willingness to indulge in travel with a variety of "travel hacks" to economize, including travelling during off-peak seasons (44 percent), utilizing credit card points for flights/hotels (41 percent), and booking through companies offering complimentary hotel benefits like room upgrades and hotel credits (20 percent).

An overwhelming 85 percent of Canadian adults expressed interest in finding flight deals to allocate more funds towards accommodations or upgrades.

Regarding travel preferences, spontaneity continues to play a significant role, with Canadians opting to keep dining plans (61 percent), excursions/activities (39 percent), and shopping (35 percent) decisions open-ended while at their destinations.

Solo travel is also on the rise, with over half (54 percent) of Canadians planning to travel solo as often as or more in 2024, particularly among Millennials and Gen-Z. This highlights a trend towards "treat yourself" trips focused on self-love.

American Express Travel's 2024 Global Travel Trends Report underscores a dynamic shift in travel preferences among Canadians, marked by an eagerness for extended, enriching, and spontaneous travel experiences, coupled with a savvy approach to spending and a growing inclination towards solo adventures.

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How Can Insurers Deliver A Better Customer Experience?

By Diana Krall, Digital Insurance, March 13, 2024

https://www.dig-in.com/opinion/how-insurers-can-deliver-a-better-customer-experience?utm_source=newsletter&utm_medium=email&utm_campaign=V3_DIG_Daily_Briefing_2023%2B%27-%27%2B03132024&bt_ee=nQeAtb9aO%2FmIFazSRsGwQ5XvwTuwo7LoaXIBXq9OYfBNamtfXfMOSqGMVUcuGGY7&bt_ts=1710334907119

The insurance industry is experiencing the impact of rising digital innovation, which spurs elevated customer expectations. A good customer experience instills feelings of being heard and appreciated; it reduces friction and enhances efficiency — all while preserving a human element.

When customers enjoy these benefits first-hand through exceptional service provision, they become inclined to purchase more frequently; their loyalty intensifies — and most significantly — they share this positive encounter with friends, which is a direct testament to your organization's commitment towards excellence.

According to a survey of 8500 insurance customers from the 40 largest North American P&C carriers, customer experience is a strong predictor and driver of financial and organizational outcomes.

No longer is the provision of exceptional service sufficient for ensuring a positive customer experience; companies in fiercely competitive markets increasingly use it to differentiate their brands. In light of this, one must consider how this applies to insurers confronting escalating competition.

Those who aspire to distinguish themselves and excel must provide experiences prioritizing customers, thereby delivering a cooperative journey facilitated by digital capabilities.

How do you start with a customer-first experience?

We have assembled four principles to aid you in enhancing customer experiences, all focusing on innovatively cultivating customer intimacy and trust: the key elements of a customer-centric experience.

This approach must be agile enough to meet rapidly evolving market expectations while reducing costs. Despite their pervasive influence, digital services provide numerous efficiencies; however, certain sectors remain reliant upon human interaction, notably insurance.

1. **Take A Walk In The Customer's Shoes**

How frequently do you scrutinize your business from an objective, customer-centric standpoint?

Can you vividly perceive what it entails for a client or partner to transact with your company? Poor customer service is a leading cause of customer attrition or institution-switching in the financial sector.

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Insurance companies allow customers to obtain a product quote online; however, finalizing the purchase may not always be possible. Despite this limitation, most insurers continue to engage with customers through the broken channel and depend on outdated systems and technology.

By actively experiencing different stages of the customer journey — a strategic approach — these entities can effectively identify pain points, thereby setting themselves apart from competitors.

2. Use Analytics To Inform Decisions

The insurance industry thrives on data: it serves as its lifeblood. Understanding the past of an event proves helpful; however, possessing the power to predict future occurrences and influence them presents a much more potent strategy.

Using insights can enhance your customer strategy in customer experience design, marketing, sales, and service optimization. These valuable perceptions enable you to minimize dependence on rudimentary rating factors — like age or marital status — when determining premium prices; instead, they emphasize customization and an individual's unique traits.

Beyond traditional customer data points, analytics extend to encompass behavioral economics and digital intelligence; this comprehensive view of your customers allows you to strategically offer products at opportune moments — potentially increasing the sale volume for insurance solutions.

3. Automate Responsibly

We frequently advise our clients against prioritizing automation over human connections.

Undoubtedly, technology can contribute to the solution; however, it will not take over entirely- as few aspects will always remain for human interactions.

The immediate priority lies in utilizing automation and artificial intelligence to decrease the cost base; failure to do so may result in swift obsolescence. Insurers have underscored this necessity through their experiences developing robotic process automation solutions.

A careful map of processes from distribution – all the way down to claims settlement is crucial.

This method ascertains which areas exhibit sufficient structure suitable for automation, thereby identifying opportunities for AI application.

The recent CEO Survey reveals a startling statistic: less than one in three Canadian CEOs- specifically, only 28%- clearly understand the potential for robotics and artificial intelligence to enhance customer experience. Therefore, it becomes imperative to be aware of and strategically integrate these technologies; their maximum impact must never go untapped.

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4. Engaged Employees, Engage Customers

Innovation, driven by people instead of systems, hinges critically on these individuals to fully realize its commercial potential. The demand extends beyond mere digital skills and encompasses the creativity and emotional intelligence essential for innovation and customer connection.

Research reveals an overwhelming 91% of Financial Services Chief Executive Officers who perceive a pressing need to bolster their organizations' soft abilities alongside digital capabilities.

We understand that automated solutions must learn from human interactions. If you continuously enhance your workforce's skill level, it will not simply cultivate more engaged employees; instead, this endeavor shall facilitate superior service, which invariably enhances customer experience.

Consequently, this process accelerates the evolution of your automated solutions: the outcome is intelligent automation and an impeccably seamless customer journey.

Emerging trends reshaping the insurance customer experience landscape

The insurance industry is witnessing a transformative shift driven by evolving customer experience trends. These trends encompass personalization, omnichannel support, self-service capabilities, streamlined claims processes, embedded insurance offerings, and a heightened focus on risk prevention and mitigation.

Personalization: Customers seek tailored recommendations and targeted discounts that simplify decision-making amidst an abundance of choices and information.

Omnichannel Experience: Expectations for a seamless experience across various channels, including websites, mobile apps, social media and call centers, are driving insurance companies to invest in technology for integrated and consistent customer engagement.

Self-Service: There is a growing demand for convenient 24/7 access to digital platforms for payments, claims filing, policy information retrieval, and other transactions. However, ease of access and intuitive interfaces supported by virtual assistants and chatbots are crucial for enhancing the self-service experience.

Streamlined Claims: Simplifying the claims process and effective communication during stressful situations strengthen customer relationships and trust.

Embedded Insurance: Insurers are bundling insurance with other products and services, facilitating easy acquisition and retention through personalized communications.

Risk Prevention and Mitigation: Customers respond positively to incentives promoting healthy habits and risk reduction measures, such as discounts for safe driving and fitness activities.

These trends are underscored by pertinent statistics:

- 59% of global customers desire life insurers to offer discounts for healthy choices.
- Only 7% of customers trust chatbots for claims processing, highlighting the continued importance of human advisors.
- A significant percentage of customers are willing to share data with insurers, provided they perceive value in return.

Enhancing the customer experience yields several benefits, including improved retention rates, enhanced cross-selling opportunities, and bolstered brand reputation. Achieving effective insurance customer experience management necessitates expertise in user experience design, seamless omnichannel support, deep customer insights through analytics, customer journey design, and talent acquisition and management.

As customer expectations evolve, insurance brands that strike the right balance between intuitive digital experiences and empathetic human support are poised to attract, retain, and upsell to customers effectively.

Enhancing the customer experience

Selecting the appropriate platform is pivotal for effectively executing a robust customer experience strategy. So, you must constantly innovate to provide cutting-edge solutions and insurance BPO services that empower professionals to gather essential data and assess every aspect of their customer journey with precision and efficacy.

Life Insurance Associations Urge Government To Make Tax Changes

By Kate McCaffery, Insurance Portal, March 05, 2024

The Government of Canada announced on March 4 that Budget 2024 will be unveiled on April 16, 2024. In the weeks leading up to this announcement, industry associations have been busy stating their respective cases for changes that could occur.

Among them, the Canadian Life & Health Insurance Association (CLHIA) and the Conference for Advanced Life Underwriting (CALU) have drafted submissions, advocating for Income Tax Act changes and for the government to see the industry as an investing partner in sustainable infrastructure projects.

The industry is also calling for the expeditious passing of updated privacy legislation and for a review of the additional taxes being imposed on financial institutions, including insurance companies, which aren't being applied in other sectors.

Read full article (subscription required): *https://insurance-portal.ca/life/life-insurance-associations-urge-government-to-make-tax-changes/?utm_source=sendinblue&utm_campaign=daily_complete_202403-07&utm_medium=email*

CISRO Urges Due Diligence In Insurance Shopping

Amid Fraud Prevention Month, CISRO Advises Verifying Agent Licenses To Protect Against Fraud

By Freschia Gonzales, Wealth Professional, March 04, 2024

https://www.wealthprofessional.ca/investments/life-and-health-insurance/cisro-urges-due-diligence-in-insurance-shopping/384176?hsmemberId=83982452&tu=&utm_campaign=&utm_medium=20240304&_hsmi=296703335&_hsenc=p2ANqtz-9rlGEslxnYRQ4khbl6nUvW9-if22mo_HFEKh16Jx9WmhInjrh7hRTc8wHtY0ysiLrZnmyx4gQsd6CwdR_ZJQrKshU6vQ&utm_content=&utm_source=

In recognition of Fraud Prevention Month, the Canadian Insurance Services Regulatory Organizations (CISRO) urges consumers to deal only with licensed insurance providers, as announced in Newswire Canada.

This national awareness campaign, occurring every March, aims to equip Canadians with the knowledge to recognize, reject, and report fraud. In 2022, the Canadian Anti-Fraud Centre (CAFC) documented over 50,000 fraud reports, with the reported losses surpassing $400m.

Patrick Ballantyne, the Chair of CISRO, highlights the importance of vigilance in fraud detection, especially when purchasing insurance.

He states, "When it comes to detecting fraud, the old adage 'if it sounds too good to be true, it probably is,' can be a guiding principle. It can also apply to shopping for insurance."

He further details the protective role of licensing, which demands that applicants fulfill specific educational requirements and undergo criminal background checks. Ballantyne encourages consumers to verify the licensing status of their agents and brokers as an essential protective measure.

Ballantyne identifies several red flags that consumers should be wary of, such as significant discounts on insurance premiums, requests for payments through unconventional methods like cryptocurrency, money wiring, or gift cards, and interactions with unlicensed providers.

He emphasizes that consumers should purchase insurance policies exclusively through licensed agents or brokers, or directly from the insurer. Additionally, when engaging with a third party for policy purchase, it is crucial to ensure the agent or broker is authorized and licensed by the provincial regulator.

Highlighting the importance of informed decision-making, Ballantyne reminds Canadians to understand and define their insurance needs before starting their search for a provider.

He points out, "Not all providers offer the same products or services, and not everyone will be a good personal fit. They're working for you, so make sure you're comfortable with them."

He advises consumers to always verify the license, thoroughly read through the paperwork, and ask questions to ensure full understanding before signing any contracts.

The Promise Of Continuous Underwriting

Typically, A Risk Is Underwritten, Bound, And Forgotten. But New Data Streams And Automation Allow For Continuous Underwriting.

By Bill Deemer Bobby Touran, Insurance Thought Leadership, October 11, 2023

https://www.insurancethoughtleadership.com/underwriting/promise-continuous-underwriting

--Usage-based insurance for drivers shows the potential of continuous underwriting. Based on telematics and automated analysis, drivers' risks are continually being evaluated based on their driving behavior and miles driven.

--That capability is now spreading to numerous other types of insurance, providing ways for insurers to keep tabs on their portfolios in real time.

Much is said about the need to modernize insurance, an industry rife with legacy carriers tethered to outmoded systems. In spite of the apparent opportunities, insurtech has had a hard time displacing large incumbent organizations and their traditional approach to underwriting. The plodding carriers, driven by their risk-averse cultures and bureaucratic inertia, survive without being on the forefront of tech advancements. Meanwhile, some insurtechs are here today and gone tomorrow, due in part to approaches that produce unsustainable loss ratios. A focus on growth over everything else has rarely been a winning strategy.

The other part of the challenge is that insurtech has been slow to effectively harness the data needed to build better rating models. Setting aside regulatory obstacles, new data acquisition strategies were heralded as the path to more accurately and efficiently pricing risk and modernizing the industry. Several prominent insurtechs, with pressure to grow rapidly in a short time, have since back-pedaled on their data-centric prophecies when it became clear they had not achieved the levels of underwriting profitability they had forecasted. The incumbents consistently outperformed the newcomers by remaining diligent in prioritizing underwriting basics and enjoying the luxury of years of proprietary, historical experience data.

So can growth and the pursuit of a healthy loss ratio co-exist?

It may seem the insurtech innovators have waved the white flag in their battle to conquer the traditional insurance mechanism, but we are in fact seeing a new commitment to enhanced technologies being deployed in insurance. Insurtech VC funding exceeded $2.3 billion in the first half of 2023, a robust sum even if significantly down from peaks experienced during the pandemic. While early insurtechs attempted to disrupt an industry that is built on a resilience to disruption, the next wave of insurtechs has conceded that certain fundamentals are non-negotiable if they are to foster a reliable insurance ecosystem promoting financial stability.

In this vein, an insurtech concept that is innovating the industry is continuous underwriting.

Continuous underwriting is the process of leveraging data and technology to apply underwriting strategies throughout the policy life cycle. Those of us who have spent time in the traditional small commercial underwriting space have experienced first-hand how a risk gets bound and then essentially forgotten. How many times have you seen a risk and thought “that carrier doesn’t even know what they’re on!”?

Underwriters have also been taught that the most profitable business is that which is already on the books. While this can be true, a failure to remain sensitive to the portfolio’s evolving risk can lead to detrimental results. Companies have long made this trade for the savings on expenses associated with detailed underwriting processes (but, let’s be honest, the situation usually ends with the book being re-underwritten anyway).

Instead of limiting the use of data to the initial submission, we can now monitor risk throughout the policy life cycle. The tools and systems are available for carriers to continuously underwrite more efficiently than ever, providing opportunities to proactively control the loss ratio while reducing disruptive and costly re-underwriting processes.

One form of continuous underwriting, in which technology promotes safe behaviors, is usage-based insurance (UBI). UBI strategies have been successfully implemented in large sets of homogenous risks, such as telematics devices/apps that measure driving behaviors. Now, a consumer’s auto insurance rates can be reduced based on safe driving and fewer miles driven. Beyond auto, UBI is manifested in areas such as cargo and handyman insurance, where the purchaser can only pay for the amount of coverage they actually need, and only when they need it.

As consumer expectations evolve, more dynamic strategies and tactics will continue to progress into larger, more complex risk evaluation processes. Vertical software solutions (software built for specific industries and use cases) — such as bookkeeping software and point-of-sale (POS) systems — are increasingly critical for small businesses. The software contains vast stores of rich exposure information in real time, allowing the automation of continuing eligibility and pricing decisions by using another UBI concept called pay-as-you-go (PAYG). PAYG allows the accurate tracking of risks after the policy is bound, reduces premium leakage, provides cash flow benefits to the insured and can even help up-sell new cover when additional exposures are identified.

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The use of always-current payroll data in workers' compensation started to take off decades ago and has evolved to become a default standard. Other small commercial coverages have evaded the adoption of this common sense approach to underwriting — until now. With the explosion of digital systems centrally managing the business data that underpins many classes of small business, we believe the same benefits can be passed on to small business insurance, such as a business owner's policy (BOP) or liquor liability, that have exposure bases measured by sales.

Sustainability deserves consideration here. For a concept such as continuous underwriting to achieve commercial scale, carriers must be able to deploy the solution without correspondingly more onerous overhead and manual process. An automated continuous underwriting process will help insurers avoid unanticipated claims by identifying new hazards before the loss occurs — but where does the automation come from?

The simple answer is that automation from thoughtfully developed software has been built specifically to monitor risk factors and data. It doesn't happen overnight, and legacy carriers will struggle to shoehorn another piece of software into their antiquated IT infrastructure. This industry dilemma requires a clean start approach to practical innovations.

Facilitating the adoption of continuous underwriting is a shift in insurance buying habits and general comfort in digital privacy controls. Younger generations are more amenable to sharing their data in exchange for products and services that fit their lifestyles. The expectation for immediate digital experiences is on the rise, and consumers are showing increased preferences toward mobile apps and AI-based virtual assistants. Further, underwriting investigations are now streamlined through integrations with external data providers that instantly address advanced considerations -- geospatial imagery can show deteriorated roof conditions in hail-prone areas, and AI-powered machine learning models can identify policies most expected to generate losses.

Automation that continuously brings current data into the underwriting process will allow insurers to more efficiently expand their operations. The human bias inherent in the traditional underwriting process will be reduced, generating greater confidence in the result and forging a path to sustainability.

The insurance industry readily admits that it must continue to innovate to remain effective. Insurance consumers have demonstrated willingness to adopt technological advancements, as they already have with UBI and PAYG. Underwriters unwilling to commit to continuous underwriting risk being left behind.

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UPCOMING CAFII-RELEVANT WEBINARS & EVENTS; AND RELATED EDUCATION CONTENT

LIMRA and LOMA Canada Annual Conference

Time: Wednesday, May 1, 2024
Location: Manulife, Toronto, ON

The world is moving fast. Each industry is very different today than it was 10 years ago. The change 10 years from now will be even greater. Where will these changes take place in the life insurance industry and what are the critical success factors for winning companies? David Levenson, CEO and President, LIMRA and LOMA, will share our organization's research and best thinking to guide companies on how to expertly navigate what's ahead.

Register Here
Early bird rate (by April 1, 2024)
LIMRA/LOMA member: CD$725 + HST
Non-member: CD$950 + HST

Regular rate (after April 1, 2024)
LIMRA/LOMA member: CD$950 + HST
Non-member: CD$1,175 + HST

THIA's 2024 Annual Conference

Date: May 22-24, 2024
Location: Quebec City, Canada

THIA's conference is the highlight of the Canadian travel insurance year and for the first time we are hosting this special event on Canadian soil. We expect to welcome many returning attendees and, by holding our premier event in beautiful Quebec City, we hope to meet many first-time attendees as well.

As always, you won't want to miss:
- Engaging insights from industry experts
- Networking opportunities with peers and prospects from across the globe

A chance to participate in scheduled professional and leisure activities

Register Here **-** *'Early Bird' registration for THIA and UStiA members is $1,025 CAD until March 31, 2024.*